

Flexible Benefits - Where to Next?

Introduction

Now that flexible benefits are no longer just a concept but a well-entrenched part of many UK employers' reward strategies, we are finding some clear trends in the shape that flex takes. The first relates to the actual packages, while the other distinguishes successful from unsuccessful strategies.

Building the Right Package

Flexible benefits are no longer about flexibility for the sake of it, but the concept has matured to better reflect the needs of employer and employees alike. Flexible benefits up until 2007 was like the big bang; it was expanding at a rapid rate to include as many entities as possible.

What we are now seeing, however, is that we have reached the limits of flexibility and schemes are beginning to contract back to a logical resting place. The biggest influence on this has been increased responsibility on employers to protect employee well-being; something that is set to increase with the added pressure from various Government bodies on workplace health and safety.

Budgeting for an employee assistance programme and reconsidering the flexibility of benefits such as private medical insurance means that the range of core benefits in most packages is increasing. But it also means that flexible benefits have been given a great new direction in maintaining a strong relationship between employer and employee. It is becoming a tool for promoting health and wellbeing and fulfilling some of those additional responsibilities in a creative way.

What that will leave most good flexible benefits schemes with, is an emphasis on flexibility of other core benefits, such as pension planning and holiday entitlement. Allowing employees to switch funding between these two benefits (and others) is a fantastic way for employees to maximise their reward to suit their needs. However, as with health and wellbeing benefits, the level of flexibility and funding that companies offer will change over time as Government legislation increases the responsibility on employers towards their employees.

A great example of this is where some of our clients have used the savings generated from flexible pension contributions to fund a choice of health-related benefits from employees. By letting each employee choose either an on-site health assessment or gym subsidy, they have seen reduced claims experience and therefore reduced costs of the company-funded medical insurance scheme.

Measuring the Success of that Strategy

Identifying the right mix of benefits and balancing flexibility against your responsibility to employees can therefore be a minefield. Never has a package for a manufacturing business needed to look so different from that of a professional firm and within each of those companies, never has the need to understand different employee profiles and their needs been as imperative.

To achieve this, establishing and aligning your company and reward objectives is the key. Only then will you be in a position to know whether you have delivered a successful strategy, particularly in terms of maximising the investment you make, reducing all reward and employment costs to a minimum (looking beyond reward to areas such as absenteeism) and making the decision-making process as clear and efficient as possible.

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